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ABSTRACT

In 1996, the New York State Office of the Comptroller performed an audit of Tuition Assistance Program (TAP) and Supplemental Tuition Assistance Program (STAP) awards at Mohawk Valley Community College (MVCC) for the 1993-94 through 1995-96 academic years. TAP, the largest student grant and scholarship program administered by the Higher Education Services Corporation (HESC), is designed to provide tuition aid to eligible full-time students enrolled in approved programs, while STAP provides additional funds to educationally disadvantaged students. According to HESC's records, MVCC certified 7,065 students for 15,686 TAP and STAP awards totaling $11,080,715 over the period. Based on a statistical sample of 200 awards reviewed, the audit found that MVCC had complied in all material respects with TAP and STAP provisions. A procedural error was identified, however, with respect to accurately crediting awards to students' accounts. All TAP and STAP awards over the period were then reviewed resulting in adjustments totaling $97,787 to correct the school's accounts and HESC records. While no disallowances were recommended, MVCC officials agreed to reconcile each roster received from HESC to ensure accurate accounting of future awards. (KP)

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Mohawk Valley Community College
Report 96-T-8

David R. Hancox

New York State Office of the Comptroller

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June 9, 1997

Mr. Richard Mills
Commissioner
State Education Department
Education Building
Albany, NY 12234

Mr. Robert J. Maurer
President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Re: Mohawk Valley Community College
Report 96-T-8

Dear Mr. Mills and Mr. Maurer:

According to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution, Section 8, Article 2 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC) and the Director of the Budget, we audited the records and procedures used in administering the Tuition Assistance Program (TAP) and the Supplemental Tuition Assistance Program (STAP) at Mohawk Valley Community College (Mohawk Valley) for the 1993-94 through 1995-96 academic years.

Summary Conclusions

We found that Mohawk Valley complied in all material respects with the provisions for granting TAP and STAP awards. However, we did identify a procedural problem in that Mohawk Valley staff did not reconcile the TAP and STAP awards received from HESC to ensure the awards were properly certified to HESC and credited to students' accounts. We brought this matter to the attention of Mohawk Valley officials, who then performed a reconciliation of all TAP and STAP awards granted during the three-year period ended June 30, 1996. They found that $97,787 in adjustments to both HESC and Mohawk Valley records were necessary to properly account for TAP and STAP awards granted during that period. Mohawk Valley officials have adjusted school records

and processed the appropriate change forms with HESC to correct the certification status of $97,787 in TAP and STAP awards.

Background

Mohawk Valley, located in Utica, New York, is one of the 30 two-year community colleges within the SUNY system. Mohawk Valley is authorized to grant Associate in Arts (AA), Associate in Applied Science (AAS) and Associate in Science (AS) degrees as well as certificates in many fields including Business Administration, Human Services, Criminal Justice, Nursing, and Mechanical and Electrical Technology. All but four programs offered at Mohawk Valley are approved by the State Education Department (SED) as TAP eligible programs.

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of programs. STAP is designed to provide up to one year of additional State aid for students who are educationally disadvantaged and in need of remediation.

Draft copies of matters discussed in this report were provided to SED, HESC and Mohawk Valley officials for their review and comment. HESC, SED and Mohawk Valley officials agree with the issue presented in this report.

Audit Scope

The objective of our financial and compliance audit was to determine whether Mohawk Valley's management complied with appropriate laws, rules and regulations for certifying students as eligible for TAP and STAP awards. The scope of our audit did not include reviewing the records and procedures of HESC as they relate to determining the amount of the awards.

According to HESC's records, Mohawk Valley officials certified 7,065 students for 15,686 TAP and STAP awards totaling $11,080,715 during the 1993-94 through 1995-96 academic years. We selected and reviewed a statistical sample of 200 awards totaling $142,861 paid on behalf of 199 students during that period. In addition, we performed a limited review of HESC's records for the 1991-92 and 1992-93 academic years to detect certain errors or inconsistencies in Mohawk Valley's certifications of student eligibility for TAP and STAP. We also reviewed other awards that came to our attention during the audit.

We did our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those operations of Mohawk Valley which are included within our audit scope. These standards also require that we review and report on Mohawk Valley's internal control system and its compliance with those laws, rules and regulations that are relevant to Mohawk Valley's operations that are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting records and applying such other auditing procedures as we consider necessary. An audit

also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings and conclusions.

In planning and doing our audit of Mohawk Valley, we reviewed management's internal control system. Our audit was limited to a preliminary review of the internal control system to obtain an understanding of the environment and controls applicable to the flow of transactions through the accounting system and other systems supporting the claims for student financial aid.

Mohawk Valley's management is responsible for complying with the Education Law (Law) and Commissioner's Rules and Regulations (Regulations). In connection with our audit, we performed tests of Mohawk Valley's compliance with certain provisions of the Law and the Regulations. Our objective in performing these tests was to obtain reasonable assurance that the amount Mohawk Valley received for TAP and STAP was allowable; it was not to provide an opinion on Mohawk Valley's overall compliance with such provisions.

Audit Results

The results of our audit indicated that for the transactions and records tested, Mohawk Valley complied, in all material respects, with the provisions referred to in the preceding paragraph except as noted below.

During our audit we identified three awards that were not credited to students' accounts as required. Based on this finding, Mohawk Valley officials reviewed all TAP and STAP awards paid by HESC during the three-year statistical sample period and found that adjustments totaling $97,787 were necessary to correct both the school's accounts as well as HESC's records. These adjustments consisted of $81,058 in awards that were decertified and returned to HESC because the students had not met TAP or STAP eligibility criteria. The remaining $16,729, were TAP or STAP awards that students were eligible for and which had to be appropriately posted to the students' accounts.

We reviewed Mohawk Valley's reconciliation to ensure the accuracy and appropriateness of the $97,787 in adjustments that were processed by Mohawk Valley officials. Based on our review, Mohawk Valley officials properly adjusted and reconciled the TAP and STAP rosters to account for all awards granted by HESC during the three-year period ended June 30, 1996. Therefore, we do not recommend any disallowance for the audit period. Mohawk Valley officials stated they will reconcile each roster sent from HESC to ensure that all future awards are accounted for.

Major contributors to this report were Carmen Maldonado, William Challice, Frank Russo, Kenneth I. Shulman, Mary Eileen Barret, Laura Smith and Donald Collins.

We wish to express our appreciation to the management and staff of Mohawk Valley Community College for the courtesies and cooperation extended to our auditors during this audit.

Yours truly,

David R. Hancox

David R. Hancox
Audit Director

cc: Patricia A. Woodworth
Michael Schafer
John Murphy